

## Michigan Broadband Development Authority

### Financing Application Questionnaire

<b>1.0</b>	<b>Company Background</b>
1.1	When was your company formed?
1.2	Describe relevant corporate history.
1.3	Describe your current business operations.
1.4	Provide a company organizational chart.
1.5	Provide contact information for key executives and your Board of Directors (address, tel., fax, e-mail).
1.6	Provide background on key executives.
1.7	Provide background on your Board of Directors.
1.8	Who is the primary contact for the project? Provide contact information.

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<b>2.0</b>	<b>Company Financial Information</b>
2.1	<p>Provide corporate financial statements for most recent two years.</p> <ul style="list-style-type: none"> <li>a. Income statement</li> <li>b. Balance Sheet</li> <li>c. Statement of cash flows</li> </ul>
2.2	<p>If financial statements for the past two years are not available, provide the two most recent year's tax returns of the principles.</p>
2.3	<p>Do you have existing debt?</p> <ul style="list-style-type: none"> <li>a. List lending institutions and amount of debt</li> <li>b. Describe covenants</li> <li>c. Provide copies of loan agreements</li> <li>c. Provide lien information</li> </ul>
2.4	<p>Provide five year pro-forma financial statements.</p> <ul style="list-style-type: none"> <li>a. Income statement</li> <li>b. Balance Sheet</li> <li>c. Statement of cash flows</li> <li>d. Discuss assumptions used in developing pro-forma</li> </ul>
2.5	<p>Provide credit information, including published reports.</p>

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<b>3.0</b>	<b>Corporate Business Strategy</b>
3.1	What are your primary lines of business?
3.2	Who are your primary competitors?
3.3	Who might be future competitors? 3-yrs? 5-yrs?
3.4	What distinguishes your company/your products from competitors?
3.5	Is your business expanding (provide data)?
3.6	What is your business plan over the next 5 years?
3.7	What are the greatest risks to your business?
3.8	How do you address the risks?

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<b>4.0</b>	<b>Project Overview</b>
4.1	Describe your project.
4.2	How does this project fit into your overall business plan?
4.3	If this project is not successful, what will it mean for your company?
4.4	How did you determine the scope of the proposed project?
4.5	Does the project involve proprietary technology or offerings?
4.6	Who are primary competitors to the project?
4.7	Who might be future competitors? 3-yrs? 5-yrs?
4.8	Describe features that distinguish your project from competitor programs/offerings.
4.9	<p>What are the major risks associated with the project?</p> <ul style="list-style-type: none"> <li>a. Industry</li> <li>b. Economic</li> <li>c. Competitive</li> <li>d. Technical</li> <li>e. Operational</li> </ul>
4.10	How are you planning to address these risks?
4.11	How is the project affected by technological innovation?
4.13	<p>How is the project affected by government regulation?</p> <ul style="list-style-type: none"> <li>a. Are there right-of-way issues?</li> <li>b. Are there environmental issues?</li> <li>c. How do FCC and PUC regulations affect the project and your business?</li> <li>d. What other regulations might affect the project now or in the future?</li> </ul>
4.14	<p>What is the timeframe for the project (provide detailed timelines)?</p> <ul style="list-style-type: none"> <li>a. Planning</li> <li>b. Construction</li> <li>c. Initial operation</li> <li>d. Full operation</li> <li>e. Financial breakeven</li> </ul>

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<b>4.0</b>	<b>Project Overview (continued)</b>
4.15	Describe the project team. a. Past experience with this type of work b. Other qualifications
4.16	Provide a detailed development budget, including: a. Engineering/feasibility assessments b. Market studies c. Professional fees d. Materials & equipment e. Construction (break out labor and other costs) e. Soft costs (interest, etc.)
4.17	Provide a detailed operating budget, including: a. Operations b. Maintenance c. Administrative d. Other
4.17	Provide ten year financial projections for the investment. a. Income statement b. Balance Sheet c. Statement of cash flows d. Discussion of assumptions used in developing projections
4.18	Describe you marketing plan. a. How will people learn about your product? b. Describe how the marketing plan for this product fits into a larger corporate marketing effort? c. What assistance are you planning on retaining for marketing?

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<b>5.0</b>	<b>Market Analysis</b>
5.1	<p>Have you conducted or contracted for a market analysis?</p> <p>a. If yes, provide</p> <p>b. If no, when will you have it?</p>
5.2	<p>What market is being served?</p> <p>a. How large?</p> <p>b. What market segment--business/residential/government/other?</p> <p>c. What demographics?</p> <p>c. How is the market changing?</p> <p>d. Who are your target customers?</p>
5.3	<p>What is your projected penetration into the market (take rate)?</p> <p>a. How did you come up with this penetration rate?</p> <p>b. Provide examples of similar business plans that achieved this penetration rate.</p>
5.4	What is your estimated market share--1yr, 3 yr, 5 yr?
5.5	List all customers projected to make up more than 5% of revenues.
6.6	Describe how you will obtain customers/contracts prior to closing?
5.6	How was pricing determined?
5.7	How does your pricing compare to competitors?
5.8	How sensitive is the business plan to your market projections?

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<b>6.0</b>	<b>Financing Structure</b>
6.1	What is the total amount of financing needed for the proposed project?
6.2	How much financing are you requesting from the Broadband Authority?
6.3	What is the proposed term of the financing requested from the Broadband Authority?
6.4	What equity will be invested in the project and company? Who are the investors?
6.5	What other sources of financing will be sought?
6.6	Provide a drawdown schedule for the Authority loan (when will Authority money be needed for the project).
6.7	Describe in detail the uses of Authority financing for each phase of the drawdown.
6.8	Where could you get a bank letter of credit to cover 10% of the Broadband Authority loan amount?
6.9	What assets are available to attach a lien to?
6.10	Who could provide personal guarantees?
6.11	What other forms of security could be provided?

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<b>7.0</b>	<b>Technologies and Equipment</b>
7.1	Describe in detail all technologies and equipment used in the project, including: a. Names, models and specifications b. Useful life c. Provide examples of current commercial use d. Vendors e. Maintenance requirements f. Other pertinent information
7.2	Why did you select this equipment and technology? a. Benefits of technology b. Drawbacks of technology
7.3	How can this technology be upgraded/scaled to meet future needs?
7.4	What performance guarantees are provided by the vendor?
7.6	Please provide maps of the proposed project.
7.7	Please provide engineering drawings of the proposed project.
7.8	Does your project involve the use of fiber? a. Will you lease or own it? b. What is the deployment technology?
7.9	If your project involves the use of fiber: a. Where are your central offices? b. Are you using your own facilities or going off of the ILEC's?
7.10	If your project involves cable service: a. Are you upgrading? b. Are you overbuilding?
7.11	If your project involve fixed wireless technology: a. Which radio spectrum are you using? b. Is it licensed or unlicensed?